

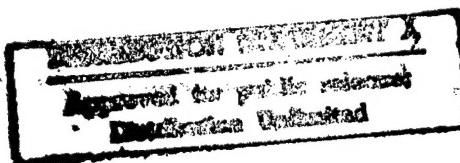
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# China Report

## ECONOMIC AFFAIRS



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17 April 1986

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**ECONOMIC AFFAIRS**

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ECONOMIC PLANNING

HEILONGJIANG COMMUNIQUE ON ECONOMIC, SOCIAL DEVELOPMENT

SK190107 Harbin HEILONGJIANG RIBAO in Chinese 5 Mar 86 p 2

[ "Communiqué on Heilongjiang Provincial 1985 national economic and social development issued by the provincial Statistical Bureau on 4 March 1986]

[Text] In 1985, under the leadership of the CPC Central Committee, the State Council, the provincial CPC Committee, and the provincial government, the people throughout the province conscientiously implemented the policy of enlivening the domestic economy and opening to the outside world, and the strategic guiding ideology of reforming systems and technology, opening the province to the outside and foreign countries and developing resources, and making the country and the people rich, expedited the pace of the economic structural reform with the spirit of reform, blazing new trails, and pioneering the road of advance, and scored new achievements in economic and social development. According to preliminary statistics, the total product of society was 56.1 billion yuan, up 6.9 percent over the previous year, of which the total industrial and agricultural output value reached 46.8 billion yuan, up 6.9 percent over the previous year. The national income came to 28.82 billion yuan, up 6.1 percent over the previous year. (Footnote 1) (The total product of society is the sum of the total output value of agriculture, industry, the building trade, communications and transportation, and commerce, including the supply and marketing of materials and equipment and the catering trade. National income is the sum of the net output value of the five above-mentioned material producing departments.) On the basis of developed production, markets were thriving, revenue and expenditures were balanced, the people's livelihood continued to improve, and new progress was made in spiritual civilizations. According to rough estimates, in 1985, the total value of the province's domestic production reached 33.49 billion yuan, up 6.5 percent over the previous year. (Footnote 2) (The total value of domestic production is the value of the final products and labor services provided to society by the material production and nonproduction departments of the local administrative areas, excluding the value of products and labor services consumed in the course of production.) The major problems in economic development continued to be that the general supply fell short of the general demands of society, the investments in fixed assets were too big, communications and transportation were strained, major raw materials were in short supply, the prices of products continued to increase.

## 1. Agriculture

In 1985, the province implemented the second step of reform in the rural areas, replaced the unified and assigned purchases of farm products with contract purchases, readjusted the rural production setup in line with local conditions, reaped a fairly good agricultural harvest despite frequent and serious natural disasters, and continued to develop the rural economy. The total product of the rural society during the year reached 14.75 billion yuan, up 4.5 percent over the previous year, of which the output value scored by the rural industrial, building, transport, and commercial units showed an increase of 51.4 percent, and their proportions rose from 20.1 percent in the previous year to 29.2 percent. (Footnote 3) (The total product of the rural society comprises the total agricultural output value and the total output value the rural collective-run and individual-run industrial, building, communications, transportation, and commercial units.)

The total agricultural output value reached 11.62 billion yuan, a decline of 4.5 percent from the previous year. If the output value of the village-run industrial units is excluded, the output value was 10.45 billion yuan, a drop of 7.3 percent from the previous year. Of the total agricultural output value, the output value of forestry, sideline occupations, and fisheries totaled 3.79 billion yuan, an increase of 11.5 percent over the previous year and the proportions rose from 28 percent in the previous year to 32.6 percent.

The structure of the cultivation of crops was greatly readjusted. Because of a decline of 2.081 million mu of cultivated land sown to grain crops and the serious natural disasters, the total output of grain was 14 million tons, a decline of 20 percent from the previous year. However, it still was the seventh good harvest since the founding of the PRC. The areas sown to cash crops generally increased, but the production of some crops declined because of natural disasters.

The output of major farm products is listed as follows:

	<u>1985</u>	Percentage of Increase Over <u>1984</u>
Grain	14 million tons	-20.3
Of which:		
Paddy rice	1.629 million tons	31.4
Wheat	3.768 million tons	-1.5
Corn	4.118 million tons	-35.9
Soybeans	3.136 million tons	8
Tubers	438,000 tons	-29.9
Vegetables	4.851 million tons	-26.8
Oil-bearing seeds	283,500 tons	9.1
Flax	147,600 tons	-20.8
Beets	3,152,300 tons	-25.7
Flue-cured tobacco	69,400 tons	14.7

The masses have enhanced their enthusiasm for afforestation by further implementing the forestry policies. In all, 7.357 million mu of land was afforested; thus, the province overfulfilled the afforestation plan by 2.357 million mu. The output of major forestry products increased.

New progress was made in livestock production. The number of large animals in stock at year end was an all-time high since 1982 when the province had turned the downward trend to the upward one. The output of pork, beef, milk, poultry, and eggs increased. The number of hogs in stock at year end increased by a large margin, and the province put an end to the downward trend of 6 successive years. The number of sheep in stock at year end dropped due to the "snow disasters."

**Output of major animal by-products and numbers of livestock:**

	<u>1985</u>	Percentage Increase <u>Over 1984</u>
Output of pork, beef, and mutton	315,000 tons	2.3
of which: pork	298,000 tons	2.4
beef	10,000 tons	42.8
mutton	7,000 tons	-30
Eggs	205,500 tons	20.8
Milk	429,600 tons	7.4
Sheep wool	7,565 tons	-41.4
Hogs slaughtered	3.84 million head	2.6
Large animals at year end	3.056 million head	8.1
of which: dairy cows	58,000 head	25.9
Hogs at year end	5.936 million head	22.2
Sheep at year end	2.297 million head	-7.5

The output of aquatic products in 1985 was 66,000 tons, exceeding the annual plan by 26.9 percent and showing an increase of 20 percent over the previous year. Of this, the output of cultivated freshwater and marine products reached 38,000 tons, an increase of 31 percent over the previous year.

The number of farm machines continuously increased. The total power capacity of farm machines reached 13.051 million horsepower, an increase of 6.4 percent over the previous year. The number of large and medium-sized tractors reached 92,000, sustaining the level of last year. The number of small and walking tractors was 152,000, an increase of 28.8 percent. The figure for trucks was 1,192, a drop of 3 percent. The figure for irrigation and drainage equipment was 1.136 million horsepower, an increase of 6.1 percent. A total of 421,000 tons of chemical fertilizer were applied during the year, a drop of 9.7 percent. The total consumption of electricity in the rural areas was 1.44 billion kwh, a drop of 7.7 percent.

The meteorological departments had made contributions to preventing natural disasters by further upgrading the level of forecast reports and meteorological research.

The province's current agricultural production structure is not reasonable enough. The investment in agriculture is too little. The water conservancy projects are outdated. Thus, our province's capacity to fight natural disasters is comparatively weak.

## 2. Industry

The reform of the industrial system developed steadily in 1985. Through widely conducting reorganization and combination, the enterprises were further vitalized. The industrial production was under steady and coordinated development, and the industrial enterprises increased their economic results. The total output value of the industry was 35.18 billion yuan, an increase of 11.3 percent over the previous year. With the output value realized by the village-run industrial enterprises included, the total annual industrial output value was 36.35 billion yuan, an increase of 11.9 percent over the previous year. Of the total industrial output value, the output value realized by the state industrial enterprises increased by 9.4 percent, that by the collective industrial enterprises increased by 20.3 percent, that by the individually owned industrial enterprises increased by 33.6 percent, and that by the industrial enterprises of other economic categories by 57.1 percent. The output of 45 of the 69 major industrial products met or topped the annual plans, accounting for 65.2 percent of the total and increasing by 43 products or 62.3 percent over the previous year.

The light industrial enterprises vigorously developed new products in order to meet market demands. The output of light industrial products was developed in a steady and sustained manner. The output value of the light industry was 11.74 billion yuan, an increase of 9.3 percent over the previous year. The output of expensive, high-quality, and famous-brand products increased by a large margin, playing an important role in stabilizing market demand. However, the output of the commodities in short supply still could not meet the increasing consumer demand.

Output of major light industrial products is listed as follows:

	<u>1985</u>	<u>Percentage Increase Over 1984</u>
Cotton cloth	206.34 million meters	-5.9
Chemical fibers	42,179 tons	26.4
Woolen piece goods	6.237 million meters	64.3
Flax fabrics	25.995 million meters	28.1
Sugar	428,500 tons	-17.0
Dairy products	45,400 tons	22.0
Beer	364,300 tons	23.0
Cigarettes	421,200 boxes	34.7
Machine-made paper and paper board	448,600 tons	12.9
Bicycles	93,500	-44.4
Wrist watches	502,000	21.8

[Table continued on next page]

Television sets	205,600	55.6
of which:		
Color sets	97,200	4.1 times
Cassette recorders	52,900	3.6
Cameras	10,003	25.0
Household washing machines	200,800	49.4
Detergents	16,603 tons	23.7
Plastics	62,600 tons	9.6
Chemical		
Pharmaceuticals	2,122 tons	-9.5

Heavy industrial enterprises expanded their scope of service to actively provide raw materials, technologies, and equipment to agricultural, light industrial, energy, communications, transportation, and old enterprises for their technical transformation. They achieved a fairly great growth rate. The heavy industrial output value of the year reached 23.44 billion yuan, up 12.3 percent from the previous year. The output of primary energy was 126.07 million tons (of standard coal), up 4.3 percent. Raw coal output exceeded 60 million tons, ranking third in the country. However, the supply of power and raw materials remained strained.

The output of major heavy industrial products is listed as follows:

	<u>1985</u>	Percentage Increase Over 1984
Raw coal	61.059 million tons	6.8
Crude oil	55.289 million tons	3.2
Electricity	18.65 million kwh	6.3
Pig iron	275,200 tons	8.0
Steel	767,600 tons	10.8
Rolled steel	625,200 tons	9.4
Aluminum products	47,000 tons	14.4
Sulfuric acid	28,100 tons	-78.0
Caustic soda	42,200 tons	3.4
Synthetic ammonia	471,700 tons	-4.0
Fertilizer for agricultural use	338,900 tons	-9.9
Chemical		
insecticides	1,332 tons	-69.5
Outer rubber tires	1.068 million	6.4
Power generating equipment	1.266 million kilowatts	33.9
Machine tools	2,965	26.6
Industrial boilers	5,262 tons in evaporation rate	11.8
Tractors	400	-58.3
Small tractors	37,967	1.4 times
Freight cars	7,597	12.3
Timber	16.477 million cubic meters	-1.2
Cement	4.103 million tons	12.5
Plate glass	1.853 million standard cases	-10.0

The quality of major industrial products checked as planned showed noticeable improvement. At national quality emulation drives, 6 of our products won gold medals, and 36 silver medals, making 1985 a year with the largest number of gold and silver medals, and 112 products won quality awards of ministries. At provincial quality emulation drives, 467 products were assessed as quality products of the province, 67 as quality foods, and 22 won Baihua awards for industrial art. Steady improvement rate of the quality of the province's industrial products reached 87.3 percent, and the rate of quality products 15.8 percent, an increase of 4.2 percent over the previous year. In the whole year 2,310 new products were developed, creating 543 million yuan in output value, and 110 million yuan in profits and taxes.

Lateral economic contacts were strengthened. Our province established economic and technological cooperative relations with 28 provinces, municipalities, and autonomous regions, and more than 300 prefectures, cities, and counties, signing 2,200 economic and technological agreements, bringing in more than 700 million yuan of funds, and establishing more than 650 economic associations. They breathed new vitality into our province's economic development.

Economic results further increased. The per-capita labor productivity of the state-run industrial enterprises reached 12,424 yuan, a 5.9 percent increase over the 1984 figure. Of 71 targets set for fuel and raw materials consumptions, 44 items achieved a decrease over the 1984 figure or were equal to the figure, accounting for 62 percent of the total targets. Energy consumption for every 10,000-yuan of output value declined from 9.02 tons in 1984 to 0.397 tons. The industrial enterprises covered by the local budget showed an 11 percent increase in total output value over the 1984 figure, showed a 2.2 percent increase in incomes earned from sales, showed a 16 percent increase in profits and taxes, and showed a 9.2 percent increase in profits and taxes handed over to the state. They showed a 1-day decrease in the number of fund circulation days over the 1984 figure. Enterprises that had suffered losses showed a 2.9 percent decrease in their deficits over the 1984 figure. The cost of comparable products showed a 5.6 percent increase over the 1984 figure and enterprises engaging in producing these products showed a 2.8 percent increase in their deficits over the 1984 figure and did not bring about a fundamental change to the poor situation in economic results.

### 3. Investments in Fixed Assets and the Building Trade

In 1985 the province somewhat strengthened investments in key construction projects and in conducting technical renewal and renovations among the enterprises, and made new progress in conducting reforms in the managerial systems of capital construction and the building trades. Both urban and rural areas throughout the province invested 10.64 billion yuan in fixed assets, a 1.9 billion yuan and 21.7 percent increase over the 1984 figure. Of these investments, the state-run units received 8.73 billion yuan of investment in fixed assets, a 19.8 percent increase over the 1984 figure; the central authorities invested 5.97 billion yuan in fixed assets in the province, which accounted for 68.4 percent of the total investments in this regard; the collective-run units in both urban and rural areas received 390 million yuan of investments in fixed assets, an 11 percent increase over the 1984 figure; and urban and rural individuals invested 1.52 billion yuan in fixed assets, a 38.2 percent increase over the 1984 figure.

Of the investments used by the state-run enterprises in fixed assets, those in capital construction reached 4.67 billion yuan, a 21.9-percent increase over the 1984 figure, resulting in the continuous enhancement of the key construction projects. Of the investments in capital construction, those in energy resources reached 1.25 billion yuan, a 30.2-percent increase over the 1984 figure; and those in transportation, and post and telecommunications reached 430 million yuan, a 70.8-percent increase over the 1984 figure. The province invested 1.96 billion yuan in the 45 key construction projects, which accounted for 96.6 percent of the annual investment plan in this regard. In 1985 the province began 3,097 construction projects and completely built 1,781 items, and the finishing rate of construction operations reached 57.5 percent. The Mudanjiang No 2 power plant and the nine large and middle-sized construction projects covered by the state construction plan were completely built and put into production and operation.

The existing enterprises accelerated their pace in conducting technical renewal and renovations. In 1985 the province invested 1.49 billion yuan in conducting technical renewal and renovations, a 300 million yuan and 25.2-percent increase over the 1984 figure. Of the 2,200 projects of technical renewal and renovations, which began construction, 1,403 were completely built and played an important role in making technical progress among the outdated enterprises.

In 1985 the province invested 2.57 billion yuan in the projects of maintaining oilfields and developing forests and mining areas, a 13.2-percent increase over the 1984 figure.

The state-run units built 9.60 million square meters of houses in 1984, a 9.6 percent increase over the 1984 figure, and the completion rate of housing construction reached 68.3 percent, a 4.1 percent increase over the 1984 figure. Of the major newly increased capacity of production, those in oil exploitation reached 5.08 million tons; those in coal exploitation, 3.04 million tons; those in generator sets, 110,000 KW; those in timber exploitation and transport, 210,000 cubic meters; those in cement, 450,000 tons; those in plate glass, 350,000 standard boxes; those in vehicle tires, 50,000 sets; those in machine-making paper, 9,015 tons; those in woolen textile, 240 spindles; those in beer, 6,400 tons; those in urban telephone setups, 16,500 lines; and those in supplementary railway tracks, 46.7 kilometers.

In 1985 the state-run building enterprises began construction of 9,044 projects and enforced various responsibility systems in the construction operations of 7,077 projects. The building acreage contracted with responsibility reached 6.7 million square meters, accounting for 95.3 percent of the total acreage. The most collective-run building enterprises in urban areas also generally enforced the responsibility system in construction operations. The task for conducting reforms promoted an increase in labor productivity. In 1985 the state-run building enterprises realized 2.32 billion yuan in their output value, a 13.7 percent increase over the 1984 figure and their per-capita labor productivity showed a 7,138 yuan increase and an 11.2 percent increase over the 1984 figure.

#### 4. Transportation and Post and Telecommunications

Through carrying out reform and tapping potentials, the transportation departments continued to raise their transportation capacity. The gross volume of goods transported was 185.06 million tons, overfulfilling the plan by 3.1 percent and showing an increase of 1.9 percent over the previous year. Of this, the volume of railway freight was 113.41 million tons, an increase of 5.7 percent; that of road freight was 23.54 million tons, a drop of 16.9 percent; that of waterway cargo was 3.03 million tons, an increase of 7.8 percent; that of air freight was 2,535 tons, an increase of 58 percent; and that of oil and gas carried through pipelines was 45.08 million tons, an increase of 4.4 percent.

The gross volume of passenger transportation was 202.73 million person-km, overfulfilling the plan by 5.8 percent and showing a reduction of 1.4 percent from the previous year. Of this, the gross volume of railway passenger transportation was 116.25 million person-km, a drop of 4 percent; that of road passenger was 85.62 million person-km, an increase of 2.4 percent; that of waterway passenger transportation was 767,000 person-km, an increase of 14.9 percent; and that of air passenger transportation was 92,000 person-km, an increase of 46.3 percent.

Fairly great progress was recorded in post and telecommunications. Transactions throughout the province in 1985 amounted to 100.51 million yuan, overfulfilling the plan by 8 percent and showing an increase of 12.1 percent over the previous year. Of this, the number of letters handled increased by 11.3 percent, newspapers and magazines distributed went up 10.8 percent, telegrams up 21.6 percent, and long-distance telephone calls were up 16.4 percent. The year end number of the telephone subscribers in the urban areas reached 104,700, an increase of 17.7 percent.

Economic results improved in the departments of transportation and post and telecommunications. The per-capita productivity for railway transportation was 664,000 ton-km, showing an increase of 2.5 percent over the previous year. Water transportation realized 12.4 million yuan of profits, an increase of 17.9 percent over the previous year. Nonetheless, the capacity of railway transportation and the post and telecommunications still cannot keep pace with the demands of national economic development.

#### 5. Commerce and the Supply and Marketing of Goods and Materials

Urban and rural markets were brisk, and the commodity circulation channels were getting clearer and clearer with each passing day. In 1985, the total value of commodities purchased by the state-owned commercial departments reached 14.48 billion yuan, an increase of 13.7 percent over the previous year. The volume of retail sales of commodities was 17.6 billion yuan, an increase of 19.1 percent over the previous year. After adjustment for price rises, the real increase was 6.6 percent. Of the total volume of retail sales of commodities, the volume of retail sales of consumer goods increased by 18.5 percent and that of means of agricultural production increased by 8.2 percent. As compared the volume of retail sales of principal consumer goods in 1985

with that in 1984: Grain increased by 12.8 percent, edible vegetable oil increased by 13.7 percent, pork showed a little reduction, but mutton, eggs and aquatic products increased. As compared the volume of retail sales of other commodities in 1985 with that in 1984: Sugar increased by 11.9 percent, cigarettes increased by 35 percent, various kinds of wine increased by 1 percent, all-cotton cloth increased by 12.1 percent, chemical fiber fabrics increased by 30 percent, woolen piece goods increased by 32.7 percent, silks and satins increased by 15.7 percent, knit underwear increased by 5.4 percent, wristwatches increased by 18.9 percent, washing machines increased by 5 percent, electric fans increased by 90 percent, television sets increased by 35 percent, cassette recorders increased by 110 percent, and refrigerators increased by 500 percent. However, the supplies of many expensive and famous-brand commodities still cannot meet consumer demand.

The retail sales in all sectors of the economy increased thanks to the implementation of the open-typed circulation system. In 1985 the volume of retail sales in the state sector of the economy was 8.71 billion yuan, an increase of 10.3 percent over the previous year; that in the collective sector of the economy was 5.74 billion yuan, an increase of 16.4 percent; and that in the individual sector of the economy was 1.87 billion yuan, an increase of 75.2 percent. The volume of retail sales of commodities sold to nonagricultural residents by the peasants was 940 million yuan, an increase of 63.4 percent over the previous year. Urban and rural trade fairs were further brisk. The number of trade fair centers increased from 1,132 in 1984 to 1,345. The total business turnover reached 1.31 billion yuan, an increase of 61.7 percent over the previous year.

The reform of the commercial system was deeply carried out. Flexibility in management was extended to 3,651 state-owned small retail and commercial enterprises, catering centers, and service centers, accounting for 99.3 percent of the total enterprises which were given flexibility in management. The number of wholesale links were reduced thanks to delegating decision-making powers to the second-level commercial wholesale stations and establishing various kinds of multilayered trade centers. Thus, the barriers between the urban and rural areas and those between different regions have been eliminated, and the circulation channels further cleared.

The economic results of the commercial departments improved. In 1985, the total sales of the commercial bureaus and the supplying and marketing departments increased by 6.5 percent over the previous year, and their profits increased by 64.6 percent.

In 1985, our province smoothly carried out price reform to promote the development of commodity production and to invigorate the urban and rural markets, but the market prices still increased by a large margin. The general price indices for state purchases of farm and sideline products rose an average of 4.7 percent over the previous year. The general retail price index rose by 11.7 percent over the previous year. The general level of the retail prices of commodities rose by 7.2 percent due to readjusting and easing the retail price restrictions on some farm and sideline products. Other factors also caused the general level of the retail prices to rise by 4.5 percent. Viewed

from both the urban and rural areas, the general retail price index of cities and towns showed an average increase of 12 percent, and that of the rural areas 10 percent. In terms of commodities, the prices of nonstaple foodstuffs rose by 21.4 percent, the highest figure in the last few years, of which the prices of vegetables rose by 37.9 percent, that of meat, poultry, and eggs 22.9 percent, that of aquatic products 28 percent, and that of fresh fruits 36.4 percent; the prices of grain went up 5.2 percent; the prices of medicines rose by 5.9 percent; and the prices of daily necessities rose by 6.2 percent, and that of books, newspapers, and magazines, 24.3 percent, and that of farming materials 6.7 percent. The retail prices of clothing, fuel, cultural and recreational goods also showed slight increases. The annual cost of living index for workers and staff members rose by 11.9 percent over the previous year, and that of the service trades 10.6 percent. The cost of living index for peasants rose by 11 percent over the previous year.

In 1985 the market purchases and sales of the means of production were brisk. The purchase volume made by the materials supply departments throughout the province showed an increase of 20.8 percent and the sales volume increased by 18 percent over the previous year. The supply of coal went up by 4.4 percent, that of rolled steel 10.8 percent, and that of cement 17.5 percent. The cost of commodity circulation was 13.35 percent, a drop of 6.8 percent from the previous year. The turnover period for circulating funds was 51 days, 3 days less than the previous year. Contracts for supplying some means of production were not successfully fulfilled.

#### 6. Foreign Economic Relations, Trade, and Tourism

The import and export trade increased by a large margin. In 1985 the total purchase volume of exported goods reached 3.95 billion yuan, up 31.9 percent over the previous year. The total value of imports and exports reached \$506 million, up 31.3 percent over the previous year, of which, the total value of exports reached \$413 million, up 21.6 percent, and that of imports \$93.27 million, up 103 percent. New progress was made in carrying out Soviet border trade. The total annual value of imports and exports reached 32.56 Swiss francs, up 16.6 percent over the previous year. All-time records were made in the transaction volumes made in the Spring trade fair held in Guangzhou and the export commodity trade talks fair held in Harbin in August.

Tourism was further developed. A total of 36,476 foreigners, overseas Chinese and compatriots from Hong Kong and Macao came to our province in 1985 on tours and family visits and for trade, scientific, technological and cultural exchanges, an increase of 25.1 percent over the previous year. There were 16,378 foreigners, up 47.1 percent, and 20,098 overseas Chinese, and compatriots from Hong Kong and Macao, up 11.5 percent over the previous year.

#### 7. Finance and Banking

According to initial statistics, in 1985 the province's local financial revenue reached 3.75 billion yuan, exceeding the budget by 340 million yuan, showing an increase of 10.3 percent. The total expenditures reached 4.46 billion yuan, an increase of 7 percent over the previous year. If a specialized subsidy of

930 million yuan from the state treasury is added in the revenue and last year's reimbursement is deducted from expenditures, our province's local financial department still had a small surplus after handing over 330 million yuan to the state treasury.

By the end of 1985, the total amount of loans of various descriptions issued by the banks throughout the province showed an increase of 12.2 percent over the beginning of the year and the various kinds of savings deposits increased by 18.1 percent. The initial year end statistics showed that 5 billion yuan in currency was in circulation, up 19 percent over the beginning of the year. After offsetting the expenditure from the cash revenue in banks, the net currency in circulation was 1.342 billion yuan, a drop of 21.3 percent from the previous year.

#### 8. Science, Technology, Culture, Education, Public Health, and Sports

Advances were made in science and technology, which made new contributions to the economic construction. In 1985, some 452 scientific and technical research results won prizes, of which, 16 reached or approached the international level, 106 reached the state level, and 47 filled the gaps in our province. In 1985, the province accepted a total of 362 patent applications, and many scientific and technical research results were applied to production, yielding remarkable economic results. The ranks of scientific and technical workers continually expanded. By the end of 1985, the number of professional technical personnel of various kinds was 541,200, an increase of 3.3 percent or 17,200 persons over the previous year. Many scientific research institutes actively conducted advisory service activities, and offered many valuable suggestions for making policy decisions for the economic work.

The educational system reform quickened the sustained development of educational undertakings, and made new contributions to training competent persons for the four modernizations. In 1985, institutions of higher learning across the province enrolled 1,926 postgraduates, a 100-percent increase over the previous year. There were 3,572 postgraduates studying in the province, a 60.6-percent increase over the previous year, of whom, 513 postgraduates received their master degrees. Regular higher learning institutions reformed their enrollment plans and distribution systems, and enrolled 24,700 students in 1985, a 30.3-percent increase over the previous year. There were 65,900 students studying in regular higher learning institutions, a 23.8-percent increase over the previous year. In 1985, 11,800 students graduated from these institutions, an 8.2-percent increase over the previous year. Adult higher education institutions enrolled 36,800 students, a drop of 18.7 percent from the previous year. These institutions had a total student body of 90,200, a drop of 19.9 percent.

Restructuring continued in secondary education. In 1985, secondary specialized schools enrolled 24,700 students, a 13.8-percent increase over the previous year. That increased the total student body to 59,700, a 14.7-percent increase over the year before. The number of regular middle school students was 2,017,800, a drop of 1.8 percent from the year before. Vocational middle schools and agricultural middle schools had 141,200 students, a 6.5-percent increase. There were 303,400 students studying at adult middle schools, a drop of 12.4 percent from the previous year.

New progress was scored in popularizing primary school education and pre-school education. In 1985, there were 4,677,900 pupils in primary schools of our province, and the enrollment rate of school-age children reached 97.7 percent. There were 3,216 kindergartens throughout the province, with a total enrollment of 496,100 pupils, 74,700 more than the previous year.

Cultural, press, publishing, broadcasting, film, and television undertakings made strong contributions to disseminating the party line, principles, and policies and to building the socialist spiritual civilization. Last year, the province produced 1 feature film, 24 teleplays, and 46 radio plays, of which, 10 won prizes. At the end of last year, the province had 8,969 cinemas and film projection teams, which showed 840,000 films, and 122 performing art troupes, which staged 25,300 performances. There were 1,395 mass art centers, cultural clubs, and cultural stations; 90 public libraries; and 14 museums across the province. There were 12 radio stations and 42 radio transmitting and relay stations, broadcasting a total of 12,437 hours throughout the year. There were 23 television stations and 388 television transmitting and relay stations, of which 75 television transmitting and relay stations each had a capacity of more than 1,000 watts. These television stations produced and broadcast 3,669 hours of television plays. Some 905,980,000 copies of newspapers, 115,700,000 copies of various kinds of magazines, and 165,480,000 copies of books were published in 1985.

Public health work continually developed. In 1985, the number of professional health workers was 149,500. The total included 55,000 doctors (including physicians in traditional Chinese and Western medicine), and 30,000 nurses. The number of hospital beds reached 96,000, a 1.1-percent increase over the previous year. The work on the patriotic public health campaign, prevention and treatment of endemic diseases, and maternity and child care service was strengthened, and the standards of disease prevention and treatment were raised.

Undertakings in physical culture and sports scored gratifying achievements. Our province's athletes won 100 gold medals, 94 silver medals, and 65 bronze medals, and broke national records on 11 occasions. In 1985, the province held 5,927 athletic events at or above the county level with the participation of 1.589 million athletes. The number of athletes who had reached the state "standard" on sports training totaled 2.146 million persons. Mass sports activities were extensively carried out, resulting in the enhancement of the people's physical fitness.

#### 9. The People's Livelihood

The people's livelihood in both urban and rural areas steadily improved, and the peasants' incomes somewhat declined because of the disaster. According to preliminary statistics, the per-capita net income of rural areas throughout the province reached 365.81 yuan, (including 273.68 yuan earned from agricultural production; 68.13 yuan earned from industrial production, transportation and construction, and from businesses, food businesses, and services; and other 24 yuan from non-loan incomes), a 12.1 percent decrease over the 1984 figure. According to the sample survey data of urban residents, the 1985 per-capita income reached 705.82 yuan, a 28.4 percent increase over the 1984

figure, and per-capita spending reached 667.11 yuan, a 29.1 percent increase over the 1984 figure. After deducting the factor of the raised price index in living expenses, the net increase in income reached 14.1 percent and in spending, 14.7 percent.

In 1985, the province made job arrangements for 213,000 urban jobless personnel. By the end of 1985, the province's number of staff members and workers reached 7.762 million persons, 252,000 more than the figure at the end of 1984. The number of urban individual laborers reached 294,000 persons, 71,000 more than the 1984 figure. The annual total wages of staff members and workers reached 8.26 billion yuan, a 17.6-percent increase over the 1984 figure. Per-capita wages increased from 967 yuan in 1984 to 1,105 yuan in 1985, a 14.3 percent increase over the 1984 figure. After deducting the factor of the price hike, the net increase in wages reached 2.2 percent.

By the end of 1985, the accumulated volume of savings deposited in banks by both urban and rural residents reached 7.013 billion yuan, a 1.679 billion yuan increase over the figure scored at the beginning of 1985 and a 31.5-percent increase. Of these deposits, those of urban residents reached 5.738 billion yuan, a 33.6-percent increase over the 1984 figure, and those of rural residents, 1.275 billion yuan, a 22.8-percent increase over the 1984 figure.

Housing conditions of both urban and rural residents further improved. In 1985, the state invested 1.19 billion yuan in housing projects for staff members and workers, a 40-percent increase over the 1984 figure. Houses on 4.324 million square meters of floor space were completely built, which accommodated more than 100,000 households. Peasants built 9.61 million square meters of new houses, a 23-percent increase over the 1984 figure.

Undertakings in social compensation and nurseries developed. In 1985, rural collective-run units took care of 46,000 childless old folks, handicapped persons, and orphans and operated 841 old folks houses, accommodating 19,000 old folks. The urban areas operated 18 social welfare facilities and nurseries, accommodating 3,281 children.

Public security work was somewhat strengthened. In 1985, the province exposed 20,905 criminal cases, a 1-percent increase over the 1984 figure. Of these cases, general cases declined and cases of serious or most serious crimes increased. Public security departments dealt strict blows to criminal activities and upgraded their rate of cracking criminal cases.

## 10. Population

According to the sample census on population changes, the province's birth rate in 1985 reached 15.04 per thousand, a 0.6-per thousand increase over the 1984 figure. Its death rate reached 4.76 per thousand, a 0.09-per thousand increase over the 1984 figure. Its rate of natural population growth increased from 9.77 per thousand in 1984 to 10.28 per thousand in 1985. As calculated in line with the sample census, the total population by the end of 1985 reached 33.57 million persons, a 260,000-person and 0.78-percent increase over the 1984 figure.

Note: Various figures revealed by the communique were taken from annual preliminary calculations. The total social product and the total industrial and agricultural output value were calculated in line with the unchanged prices of 1980, and the national income and the gross national product were calculated in line with prices throughout the year. The rate of increase over the 1984 figures was calculated in line with comparable prices.

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17 April 1986

## ECONOMIC PLANNING

### JIANGSU'S GU ADDRESSES ECONOMIC PLANNING MEETING

OW240632 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 20 Mar 86

[Excerpts] In her report to the provincial work conference on planned economy, Governor Gu Xiulian urged the whole province to mobilize, enhance its vigor, work hard and keep forging ahead, and press forward in the face of difficulties to ensure a steady economic growth this year and make a good start for the Seventh 5-Year Plan.

Governor Gu Xiulian outlined in her report the province's 10 economic tasks for this year: 1) Get a clearer understanding of the guiding principle for economic work; 2) continue to push forward the reform of the economic structure; 3) actively implement the work of opening to the outside world; 4) vigorously develop production and work hard to improve economic results; 5) keep the scale of fixed assets under control and guarantee key construction projects; 6) accelerate technical progress and popularize scientific and technological research results; 7) work hard to expand export and ensure market supply; 8) actively promote circulation of capital and strengthen allocation and transportation of materials; 9) increase income and practice economy to fulfill the financial revenue plan; and 10) continue to improve the people's standard of living by developing production.

Governor Gu said: The guiding principle for this year's economic work is to pay continued attention to the problem of the total social demand exceeding the total social supply and ensure a steady economic growth. We must strengthen as well as pay special attention to improving macroeconomic control. We must both check the inflated demands and improve supply and stimulate production.

Governor Gu pointed out: The main task for reforming the economic structure this year is to consolidate, digest, supplement, and improve the reform measures we have already adopted and set the stage for more important reform measures to be taken in the next 2 years.

Speaking of developing production and improving economic results, Governor Gu said: We must, first of all, vigorously develop agricultural production. Leadership at all levels must firmly regard agriculture as the foundation and exercise effective leadership over agriculture. Meanwhile, industry should increase the production of commodities that meet market demands and enterprises should concentrate on improving product quality, lowering material consumption, and strengthening management.

ECONOMIC PLANNING

JILIN GOVERNOR ON TASKS FOR 1986 WORK

SK250041 Changchun JILIN RIBAO in Chinese 11 Mar 86 pp 1, 2

[Report on the second part of government work report delivered by Gao Dezhan, governor of the Jilin Provincial People's Government, at the fourth session of the sixth provincial People's Congress on 9 March]

[Text] In his "government work report" at the fourth session of the sixth provincial People's Congress, Comrade Gao Dezhan set forth general demands and nine specific tasks for the work in 1986.

The general demands for the work in 1986 are: We should continually implement the guidelines of the National Conference of Party Delegates, persistently carry out the economic structural reform focusing on the urban economy, and energetically invigorate large and medium-sized enterprises, the circulation channels, and the county and township sectors of the economy in line with the plans and demands of the national planning conference, the national economic work conference and the national rural work conference as well as the conference on the work of the provincial CPC Committee. We should constantly develop social productivity with the focus on economic construction, and strive to effect a sustained, stable, and coordinated development of the national economy on the premise of increasing economic results. On the basis of developing production, we should strive to create conditions for constantly improving the people's living standards. We should further carry out the reform of the educational, scientific, and technological system, and actively develop various social undertakings. In addition, we should adhere to the simultaneous building of the two types of civilization, strengthen ideological and political work, intensify the building of the contingent of ideological and political workers, effect a remarkable improvement in party style and social conduct, consolidate and develop the province's excellent situation, and make the first step of the "Seventh 5-Year" Plan in a down-to-earth manner.

The specific tasks for the work in 1986 are as follows:

1. Agriculture Production Should Be Restored to the Level Before the Disasters, and the Rural Commodity Economy Should Be Developed Comprehensively.

We should conscientiously implement the guidelines of the Document No 1 of the central authorities and the national rural work conference; continually and

penetratingly carry out the second step of the rural reform; further implement policies, readjust production set-up, and improve conditions for production; successfully build the agricultural commodity production bases; satisfactorily organize the preproduction and postproduction services; and promote a sustained development of the rural economy. Meanwhile, we should rationally readjust the structure of the cropping industry proceeding from the actual situation in order to ensure the grain acreage. In terms of animal husbandry, we should develop the breeding of such herbivorous animals as cattle, sheep, and rabbits, with the focus on growing pigs and poultry, and should accelerate the production of poultry, eggs, and milk in the suburban areas. The town and township enterprises should base themselves on agriculture, strive to serve agriculture, and give prominence to developing the agricultural product processing industry and the storage, package, transport, and supply and marketing trades. If possible, town and township enterprises may develop the small-scale mining industry, small hydroelectric power stations, the construction industry, and the building materials industry, as well as the processing industry which supports the production of large industrial enterprises and which serves exports. At present we should pay attention to the preparations for spring plowing, ensure the fulfillment of spring plowing and sowing tasks, and win the first battle of agricultural production this year.

## 2. In Industry, We Should Further Increase Economic Results and Maintain a Proper Increase Rate.

In industry, we should make continued efforts to effect simultaneous increases in output value, tax, and profit, and financial income, on the premise of increasing economic efficiency, increasing export and foreign exchange, improving management and operations, and intensifying the reserve strength. We should strive to produce those products which are readily marketable, and actively increase the production of those products which can be exported and earn foreign exchange. Attention should be paid to developing the energy and raw materials industries, and maintaining a stable growth in this regard. We should conscientiously grasp the agriculture-supporting industries, such as the agricultural machinery and chemical fertilizer industries. We should attend to transportation, post, and telecommunications work, and constantly strengthen and improve the basic facilities. We should greatly increase the proportions of new products, better-quality products, export products, and readily marketable products in the industrial products as a whole.

We should continue to pay attention to the technical transformation, reconstruction, and expansion of old enterprises, with the focus on large and medium-sized key enterprises which have a bearing on the province's overall economic development and play an exemplary role in technological progress among the enterprises of the same trade, and on the projects which can increase foreign exchange earnings through exports. When importing advanced technologies and key equipment, we should persistently combine imports, mastery, and further development, and continuously gain momentum in industrial development. All enterprises should carry out small reforms and renovations, and encourage the masses to suggest ways and means to rationalize production in order to promote technological progress.

### 3. In Capital Construction, Continued Efforts Should Be Made To Control the Scope of Fixed Assets Investment, and Strengthen Key Construction Projects.

We should proceed from the overall interest, implement state plans strictly, rationally readjust the investment structure by increasing the proportion of energy, communications, raw materials, and other infrastructure, and concentrate funds on major projects. Projects under construction should be sorted out conscientiously, and priority given to those which should be continued after being inspected, or which can be completed this year. In principle, no new project should be started. Construction of the infrastructure of large and medium-sized cities should be carried out in a planned manner with the focus on key projects, and the construction of townships, villages, market towns, and border areas should be strengthened. We should attach great importance to environmental protection, and increase our ability to improve the environment in a comprehensive manner.

In tree planting and afforestation, we should persistently pool the efforts of the state, the collective, and the individual, and maintain stable administration of the existing state forest areas and forest farms. In the countryside, focus should be placed on planting trees around houses and villages, and along highways, country roads, and rivers. In the pastoral areas, we should strengthen the building of shelterbelts around livestock farms, and the building of grassland. In the cities, we should make more areas green.

### 4. We Should Strive To Develop Education, Science and Technology, Culture, and Other Undertakings.

We should further implement the "Decision of the CPC Central Committee on Reform of the Educational Structure," and actively and steadily develop schools of various categories and at various levels with social benefit as the criterion and improvement of quality as the focus. In popularizing the 9-year compulsory education, we should perfect regulations and carry them out conscientiously. In vocational and technical education, we should consolidate and improve its quality. Ordinary institutions of higher learning should be gradually improved and steadily developed in the course of reform. In adult education, we should strengthen management to ensure quality. In the education for staff members and workers, we should teach what is needed and applicable, and train all the staff members and workers on what are needed in the [words indistinct] making them attend "remedial courses" on general and technical knowledge. This year we should emphasize the structural reform of teacher's training institutions of higher learning, work out plans for training new and incumbent teachers, and gradually establish a teachers contingent of good quality with a sufficient number of members. In order to solve the problem of a shortage of talented people in remote and minority nationalities areas, agricultural, forestry, medical, and teacher's training institutions should enroll and assign jobs to the students in line with the needs in the areas. We should actively improve teaching facilities, and raise education funds from various quarters. We should conscientiously strengthen the ideological and political work of the schools of various categories and at various levels. The whole society should attach importance to the education of youths, lead them in making progress persistently with communist ideas, and strive to train them into a generation of new people with ideals, morality, education, and a sense of discipline.

Efforts should be made to enable the scientific and technological work to be geared to economic construction and to further implement the "decision" made by the CPC Central Committee with regard to conducting reforms in scientific and technological systems in order to improve the system of setting up coordination between production and science and technology; to organize various production, scientific and technological associations; and to enhance scientific and technological exchanges and cooperations. We should improve the working and living conditions of scientific and technological personnel in order to bring into play their work enthusiasm and creativeness. A good job should be done in making all-out efforts to implement the "spark plan" in order to bring into play the plan's important function in developing township-and-town-run enterprises and enlivening the rural economy.

The departments of culture, arts, radio broadcasting, films, television broadcasting, journalism, and publications should regard social benefits first in their work, and turn out more spiritual products in order to inspire the people to actively make progress. On the basis of making activities popular, personnel on the physical culture and sports front should vigorously upgrade their work quality, strengthen the construction of the personnel contingent, and score good achievements. Personnel on the public health front should straighten out guiding ideology in their professional work, improve their services, and upgrade their medical quality and managerial standard. Efforts should be made to deeply carry out the activities of "five stresses," "four beauties," and "three ardent loves," and of the patriotic sanitation campaign. In 1986 the province will achieve a new breakthrough in successfully conducting environmental sanitation and rendering civilized services. Efforts will be made to enhance prevention and treatment for endemic diseases and to strengthen propaganda education on family planning work, implement the policies in this regard, successfully provide technical service for the work, and vigorously encourage late marriage and birth in order to have less birth, to conduct eugenics, to control population growth, and to upgrade population quality.

##### 5. Efforts Should Be Made To Further Enhance the Financial and Banking Work and To Improve Macroeconomic Control in Order To Ensure and Promote Economic Development.

In conducting the financial work, efforts should be made to earnestly work out ways of opening financial sources, accumulating, spending, and managing money under the new situation, and to adopt all means and ways to foster financial sources, to organize incomes, and to strictly control or save expenditures in order to achieve a balance between financial incomes and spendings. We should make reasonable arrangements for financial spendings in order to ensure the program of conducting reforms in economic systems, to assuredly saturate the demand of investment in the key construction projects, to support the backward areas to change their economic outlook, and to enable various undertakings to achieve development. Efforts should be made to further consolidate or improve the program of conducting reforms in financial and tax systems and to enhance the managing and collecting work of tax revenues. In conducting banking work, we should [word indistinct] forward the drive to conduct reforms in banking systems in line with the tasks of increasing deposits, improving services, and using funds in a reasonable way. The economic departments and enterprises at

all levels should foster their sense of capital and interest, strengthen fund management, reduce the occupations of funds, and should accelerate the pace of fund circulation in order to successfully use the limited funds in a lively way. Efforts should be made to further enhance the audit work and to do a good job in conducting audit supervision and inspection.

6. Efforts Should Be Made To Enliven Commodity Circulation in Order To Stabilize Markets and To Expand Both Domestic and Foreign Trade.

We should further consolidate and develop the commodity circulation system with various circulating channels as its center, with various economic sectors, and with the development of a diversified economy, in order to make markets prosperous and to vigorously saturate consumer demands. State-run firms should bring their guiding role into play, actively engage in the sales of local products, vigorously stabilize prices, and should emphatically do a good job in grasping the production and supply of nonstaple foodstuffs, such as vegetables, eggs, meat, milk, and fruits. In particular, they must enable the vegetable markets to have their supply volume more, their prices higher, their supply quality better than that of 1984. Efforts should be made to accelerate the pace of conducting reforms among the supply and marketing cooperatives in rural areas, and to actively open on a trial basis production and service cooperatives in rural areas. The material supply departments at all levels on various fronts should actively organize material sources outside the plan in order to support production and to better serve consumer households. Efforts should be made to vigorously develop the tertiary industry, to enhance industrial and commercial administration, and to continuously develop or successfully open more markets selling industrial and farm products and other materials. A good job should be done in actively enforcing the contract systems on purchasing grains, storing grains, allocating or transporting grains, processing grains, and selling grains, in order to stabilize the markets of grains and oil-bearing seeds. Efforts should be made to further develop the economic relations and trades with the foreign countries, to build production bases in a planned manner for major export commodities, and to implement the measures for encouraging the production of export commodities and increasing the volume of foreign exchanges in order to expand export commodity sources and to open more markets in foreign countries. We should also fulfill the export plan for corn this year.

7. We Should Persist in Grasping Both Production and Livelihood and Strive To Improve the People's Livelihood.

On the basis of the developed production, unceasingly improving the people's livelihood is the purpose of the socialist production as well as an important task of our People's Governments at all levels. It is necessary to realistically strengthen management and supervision over commodity prices, and basically stabilize market prices.

In the course of improving the people's livelihood, we should give priority to solving urgent problems because our financial resources are very limited. We should appropriately readjust the relevant policies in line with the spirit of reform and strengthen the vitality of public utilities units in making progress

through self-reliance. We should do a few good things in a planned, stage-by-stage, and group-by-group manner and according to priorities. Special attention should be paid to grasping the building of residential houses. We should also clear the channels for employment and make proper arrangements for the labor forces in cities and towns.

8. We Should Realistically Strengthen Political, Legal, and Civil Administrative Work, Safeguard Social Order, and Ensure Social Stability.

We should strengthen democracy and the legal system, do a good job in conducting education and propaganda on the legal system, popularize legal knowledge, and strengthen the people's sense of observing the legal system. It is also necessary to strengthen economic laws and regulations, and make the laws become important means for regulating economic relations and managing economic activities. Continued efforts should be made to deal strict blows to serious criminal offenses and economic crimes, comprehensively implement the various measures for tackling public security problems, and energetically strengthen the professional work of the public security and judicial departments. In civil administrative work, we should combine the work of giving social relief with that of supporting production in the urban and rural areas, and do a good job in supporting the poor and sending relief to them. We should further establish closed ties between the army and the people, conscientiously conduct the work of giving preferential treatment to families of servicemen, and provide jobs for retired army cadres and servicemen.

9. All Fronts, All Trades and Professions, and All Departments Should Vigorously Explore and Make Progress, Do Solid Work, and Make New Contributions.

The governments at all levels should take the whole situation into account, and make over-all plans and proper arrangements for the work by taking all factors into consideration. We should strengthen ties and expand friendly contacts with foreign countries, and fully use the province's tourist resources for developing tourism. We should also implement all overseas Chinese affairs policies and do a good job in handling overseas Chinese affairs. Further efforts should also be made to grasp the nationality, and religious work, develop economy in the minority areas and educational undertakings, and strengthen unity among the various nationalities. It is also necessary to do a good job in handling the people's letters and visits, and establish closer ties among the party and government organs and the masses. Those departments in charge of the standard weights and measurements, earthquakes, surveys and cartography, people's air defense, archives, economic research, and materials reserve work should exert energetic efforts to do their own work well and to better serve the four modernizations.

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ECONOMIC PLANNING

SHAANXI PLANNING CHIEF OUTLINES TASKS

HK200445 Xian Shaanxi Provincial Service in Mandarin 0200 GMT 19 Mar 86

[*"Excerpts"* from Report by Provincial Planning Commission Chairman (Cheng Xingwen) at Fourth Session of Sixth Provincial People's Congress on 8 March]

[*Excerpts*] (Cheng Xingwen) said in his report: Having fulfilled the Sixth 5-Year Plan in 1984, Shaanxi also overfulfilled the plan for 1985. The national economy developed in sustained big strides, and new achievements were scored. Total social output value reached 33.21 billion yuan, a rise of 15.4 percent over 1984. This included 25.54 billion yuan in total industrial and agricultural output value, an increase of 16 percent. Gross national product was 16.87 billion yuan, an increase of 11.9 percent. The great majority of other planning targets were fulfilled ahead of schedule. The situation is very good.

(Cheng Xingwen) went on to speak of the planning arrangement for 1986. He said: This is the first year of the Seventh 5-Year Plan, and the tasks of economic construction are very heavy. In accordance with the spirit of the national planning conference, we must seriously implement the following policy decisions of the central authorities:

1. Attach full importance to agriculture, the main foundation of national economic development, and continue to assign it an important strategic position.
2. Further step up construction of key projects in energy, communications, telecommunications, and the raw materials industries.
3. Strive to increase output of the consumer goods industries, especially of products that are in high demand, to meet the needs of improving the people's living standards, increase market supplies, and maintain basic price stability.
4. Assign a strategic position to training talented people and developing science and technology, and bring about further development of education and scientific research.
5. Further expand external economic and technical exchanges, and vigorously increase exports so as to make more foreign exchange.

## 6. Further improve urban and rural living standards.

Shaanxi's planned industrial and agricultural output value for 1986 is 27.5 billion yuan, an increase of 7.7 percent on 1985. This includes 7.23 billion yuan in agricultural output value, a rise of 6 percent, and 20.26 billion yuan in industry, a rise of 8.2 percent; and efforts should be made to secure a 12 percent rise in industry. Gross national product should reach 18.9 billion yuan, an increase of 8.4 percent. Financial revenue should reach 2.34 billion yuan, an increase of 7.16 percent. The consumption level of the urban and rural residents should reach 36 billion yuan, a rise of 7 percent.

He said: Under the premise of ensuring steady increase in grain output, we should further readjust the rural production structure and vigorously develop [words indistinct] and the township enterprises.

The industrial departments must step up support for agriculture and increase supplies of materials needed for production and daily life in the rural areas. During the year, we must further tap the potentials of the existing enterprises, improve economic results, do a good job in technological transformation and key construction, and vigorously step up output of industrial goods in short supply in the markets and best-selling products.

Total output value of light industry is planned to reach 8.89 billion yuan, an increase of 8.1 percent over 1985. Total output value of heavy industry is planned to reach 11.8 billion yuan, an increase of 8.4 percent. There should be a big breakthrough in output of civilian goods by defense industries, with output value rising to 700 million yuan, an increase of 40 percent over 1985.

Output value of township industries should reach 2.9 billion yuan, a rise of 16.9 percent.

The state has set the province's local investment in fixed assets for 1986 at 1.514 billion yuan, including 575 million yuan in capital construction and 758 million yuan in technological transformation. The state demands that these figures be strictly controlled and not exceeded.

In order to ease the contradiction of insufficient construction capital, in accordance with the principle of ensuring the key points, taking appropriate care of the ordinary projects, and concentrating forces for a number of items, the province has arranged 30 key construction projects for this year.

Developing foreign trade and exports and increasing foreign exchange income is a major affair in invigorating the province's economy. We must do everything possible to increase foreign trade and exports, and strive for export value of more than \$150 million.

Shaanxi has been designated as one of the country's seven major tourism centers. We must achieve a breakthrough in tourism development this year.

He said: No major pricing measures will be adopted this year. The main thing is to digest and supplement the existing measures. We must focus on controlling retail prices in large and medium cities and industrial and mining areas, especially the prices of vegetables and nonstaple food, to ensure basic price stability.

He said: We must improve planning control of labor wages to meet the needs of macroeconomic control. The wage targets allocated to the prefectures, cities, and departments must not be exceeded.

He said: From this year on, we must strive to put into effect the initial ideas on supporting economic development in northern and southern Shaanxi and bring about relatively rapid economic development there.

In conclusion, (Cheng Xingwen) proposed four views on structural reform and improvement of macroeconomic controls this year: 1) Continue to carry out structural reform in a careful and steady way. 2) Resolutely control investment in fixed assets. 3) Organize the construction of projects in accordance with a rational work order. 4) Control the excessive growth of consumption funds.

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ECONOMIC PLANNING

BRIEFS

WORK MEETING SETS FOCAL TASKS--The provincial economic work conference which concluded yesterday decided that some enterprises producing substandard products should be openly publicized, some should halt production for consolidation, and in serious cases, the leadership should be held accountable. Those originally turning out outstanding products should have their "outstanding" title removed. The conference lasted 7 days. In view of the weak links in the province's industrial production, the meeting proposed that the focal points in economic work this year should be to persevere in reform, strengthen management, concentrate on improving production quality and reducing material input in bringing about an all-round enhancement of economic results, and ensure the sustained, steady, and coordinated development of the national economy. The conference held that the province should improve its investment structure and get a good grasp of technological progress. Everything possible must be done to boost foreign trade and exports. The province should get a good grasp of finance and trade work to stimulate output. The meeting stressed in particular that the province must persistently grasp the building of the two civilizations together and carry out ideological and political work in connection with the reality of economic work. [Excerpts] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 15 Mar 86 HK] /12712

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AGGREGATE ECONOMIC DATA

CHART SHOWS ACHIEVEMENTS IN CAPITAL CONSTRUCTION

HK300924 Beijing XINHUA Hong Kong Service in Chinese 0630 GMT 27 Mar 86

[ "Chart of Achievements in Energy and Transportation Capital Construction Projects Made by Units Under Ownership by the Whole People During the Sixth 5-Year Plan Period"--XINHUA headline]

[Text] Beijing, 27 Mar (XINHUA)--

ITEMS:	First 5-Year Plan	Second 5-Year Plan	Third 5-Year Plan	Fourth 5-Year Plan	Fifth 5-Year Plan	Sixth 5-Year Plan
Medium and Small Projects Which Have Been Completed and Put Into Production	184	179	240	248	129	103
New Increase in Capacity of Coal Extraction (Million tons)	63.76	149.2	68.06	81.21	64.93	80
New Increase in Capacity of Generating Sets (Million kilowatts)	2.469	8.638	8.604	17.432	19.29	19.51
New Increase in Capacity of Recovering Crude Oil (Million tons)	1.312	8.166	27.77	41.042	39.753	50.25
New Increase in Mileage of Railway Opening to Traffic (kilometers)	4,861	4,890	3,978	5,444	2,951	1,544

[Table continued on following page]

New Increase in Mileage of Multiple Track Railways (kilometers)	894	2,816	1,016	530	1,186	1,577
New Increase in Mileage of Electric Railways (kilometers)	0	90	197	385	1,000	2,459
New Increase in Handling Capacity of Deepwater Berth Ports (million tons)	8.35	15.72	13.11	47.47	70.31	100.39

Note: Net increase in capacity of recovering crude oil includes the capacity of renewing and reforming facilities and the capacity of making other investments.

/12712  
CSO: 4006/865

FINANCE AND BANKING

PRC OFFICIAL ON TAX ON FOREIGN REPRESENTATIVE OFFICES

HK250701 Beijing CHINA DAILY (BUSINESS WEEKLY Supplement) in English 19 Mar 86  
p 2 (tentative)

[By Yang Jun]

[Text] China began to levy taxes on foreign representative offices last June.

A 5 percent industrial and commercial consolidated tax must be paid by the offices on income from commissions, rebates and fees for agency or middleman services.

A business income tax, with graduated rates ranging from 20 to 40 percent, is assessed on taxable income calculated from documents provided by the taxpayer itemizing costs and expenses. If no documentation is provided, a flat 15 percent of gross business proceeds shall be considered taxable income.

Since China began levying the two taxes, many questions have been raised by foreign taxpayers. The Beijing Foreign Taxation Consultative Corporation and Deloitte Haskins and Sells International of the United States jointly sponsored a seminar last week in Beijing where tax authorities explained tax regulations and answered questions from the audience.

The following is a condensed transcript of questions raised at the meeting, with answers provided by Yang Shunlin, deputy director of Foreign Tax Branch of the Beijing Tax Bureau.

Question: We understand that when a representative office provides service to its headquarters overseas, its income from such a service is tax free. But how can it be clarified whether a service is for headquarters or is for another company?

Answer: If a representative office is assisting in sales of commodities owned by its company, then the transaction is not subject to taxation. If a representative office is helping another company sell something and assumes no direct risk in the transaction, then the income from such a service is subject to taxation.

Question: If a foreign company has representative offices in more than one city in China, can a lump sum tax be paid to one tax bureau?

Answer: In principle, each office should pay tax to the tax bureau in its own city. But if several representative offices of the same company are providing services to one project, presenting difficulties in apportionment of costs, they may, with the consent of taxation authorities, choose one office to pay all of the taxes.

Question: If a representative office does nothing but buy tickets, arrange accommodations and the like, leaving actual business negotiations to its overseas headquarters, is the representative office subject to taxation for such services?

Answer: Yes. Since all services contribute to business earnings and some are provided in China, the representative office has a tax liability in China. But if part of the business activities are conducted outside China, that portion is exempt from Chinese taxation.

Question: When a representative office incurs losses, can those losses be deducted from future tax liability?

Answer: Losses incurred by a foreign business in one tax year may be carried forward to the next tax year and offset against that year's income. Should the income in the subsequent tax year be insufficient to offset the losses, the balance may be offset against income in successive years, up to a five-year maximum.

Question: On what basis does China calculate Foreign Enterprise Income Tax?

Answer: There are three methods that can be answered in filing Foreign Enterprise Income Tax returns. One is the deemed profit basis, under which a representative office reports gross income derived from China in absence of documentation of actual expenses. In that case taxable income is deemed to be 15 percent of gross income.

A second method calculates actual income and expense, requiring itemization of revenues and costs.

A third is the cost-plus basis, under which the representative office reports only actual expenses. The tax authorities will then calculate the office's taxable income as expenses plus a reasonable profit. This method is usually adopted when a representative office cannot report its gross expenses.

Question: What about filing deadlines?

Answer: In the past, representative offices had to file taxes by the fifth of every month. But the volume of complaints against monthly filing resulted in conversion to quarterly filing. A representative office must file its tax returns within 15 days after the end of each quarter.

Question: Since the tax regulations went into effect last June, is a representative office required to provide audits of its finances prior to 1985?

Answer: Auditing reports before 1985 are not necessary and losses incurred prior to 1985 cannot be offset against earnings. However, if a business transaction was concluded before 1985 but the earnings were not realized until after 1985, the representative office is required to pay taxes on those earnings.

Question: If a representative office hires a foreign accountant to audit its books, will the auditing report signed by a foreign accountant be accepted by Chinese tax authorities?

Answer: Chinese tax laws require that all auditing reports must be signed by certified public accountants registered in China. Reports signed by foreign accountants will not be accepted by Chinese tax authorities and such an auditing cost is not tax deductible.

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CSO: 4020/251

INDUSTRY

LIGHT INDUSTRY MINISTRY PLANS EXPORT INCREASES

OW010934 Beijing XINHUA in English 0833 GMT 1 Apr 86

[Text] Beijing, 1 Apr (XINHUA)--The value of exports of light industrial products should reach an annual total of eight billion U.S. dollars by 1990, a Light Industry Ministry official said here today.

This would be 60 percent more than last year's figure, and would bring in the foreign exchange required to buy urgently-needed advanced technology from abroad, the official said.

Light industrial products, such as clothes, canned foods, handicrafts, pottery and porcelain, account for 20 percent of China's exports.

To achieve the target, the ministry will take steps to improve the organization of export production, and raise standards of quality for products and packaging.

The official said the ministry was hoping to "open new markets and win new customers" abroad.

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CSO: 4020/255

INDUSTRY

HUNAN HOLDS BUILDING MATERIALS INDUSTRY CONFERENCE

HK270517 Changsha Hunan Provincial Service in Mandarin 1100 GMT 22 Mar 86

[Text] At the provincial conference on building material which concluded yesterday, provincial Vice Governor Yu Haichao called for persistence in reform, strengthening of management, and consolidating and developing the excellent situation whereby everyone develops building materials, so that the province's building material industry can develop rapidly.

In 1985, the province's building material industry achieved remarkable results and the total output value of the industry was more than 1.4 billion yuan. Except for a steady increase in the quality of products, all other targets were attained. The province's building material industry has achieved synchronous growth in output value, output, profits, and taxes, and has developed continuously, steadily, and in a coordinated manner, thereby winning the praise of the provincial government.

After summing up achievements in the last year, the conference put forward fighting targets for this year. On the basis of raising economic efficiency, the total output value of enterprises at and above county level in the province's building material industry should reach 780 million yuan, an increase of 12.7 percent over 1985, and synchronous growth should be achieved in output value, output, and profits.

To attain this target, the conference formulated seven measures for carrying out reform in depth and further enlivening enterprises.

Provincial Vice Governor Chen Bangzhu attended the conference and delivered a speech. He expressed the hope that comrades in the province's building material industry would earnestly implement Premier Zhao Ziyang's instruction on all trades and people developing building materials; strengthen the management of the province's building materials industry; seriously carry out ideological and political work among the staff and workers of the province's building materials industry; and do their utmost to increase the output of building materials for this year on the premise of ensuring quality and raising efficiency, so as to support construction of the country's priority projects.

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CSO: 4006/867

INDUSTRY

CHINESE RUN BAOSHAN PLANT INDEPENDENTLY

OW290433 Beijing XINHUA in English 0248 GMT 29 Mar 86

[Text] Beijing, 28 Mar (XINHUA)--The first stage of the Baoshan Steel Works, one of China's biggest modern metallurgical enterprises, has entered a new phase of being operated by Chinese engineers and technicians independently of foreign experts.

Zhu Erpei, deputy to the National People's Congress (NPC) and deputy general director of the Baoshan project, said this when discussing Premier Zhao Zhiyang's report at the current NPC session.

He said that more than 500 Japanese experts at Baoshan will leave for Japan by the end of this month as their work had finished.

Our 25,000 workers and other employees are determined and confident about upgrading production and management and turning the works into one of the best metallurgical enterprises in China as well as in the world, he said.

Since the ignition of the No 1 blast furnace at the Boashan Works last September, both imported and China-made facilities have worked normally and output has risen steadily.

At present the works turns out 7,000 tons of pig iron, 5,000 tons of steel ingots and 5,000 tons of blooms each day. By this December, the works will reach the designed annual production capacity of three million tons of steel.

By Wednesday (26 March), Baoshan had produced 1,050,000 tons of pig iron, 820,000 tons of steel ingots and 670,000 tons of blooms. The products have won praises from such major users as the Wuhan Iron and Steel Complex and the Wuyang Steel Works in central China.

The works will provide at least 12 million tons of steel during the Seventh 5-Year Plan (1986-90) period, alleviating the shortage of steel in China, according to Zhu Erpei.

This fact shows that the successes of the policy of opening to the outside world and the economic restructuring have laid a solid groundwork for the implementation of the new five-year plan, he said.

The state has designated the second-phase construction of the giant steel works as a key project in the Seventh 5-Year Plan, he said.

Though some key facilities will be imported, Chinese enterprises will manufacture 70 percent of the equipment for the second-phase project, as against 12 percent in the first-phase project.

The second-phase project includes a hot continuous rolling mill, a cold continuous rolling mill, a continuous casting workshop, a blast furnace, a sintering plant and a coking plant.

The new project is scheduled to go into production step by step from September of 1988 to 1991.

By then, the Baoshan Steel Works will have an annual production capacity of 6.5 million tons of pig iron, 6.7 million tons of steel, 4.22 million tons of rolled steel and 1.22 million tons of commodity steel blooms.

The second-phase project is already under construction, according to the deputy general director.

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CSO: 4020/255

JPRS-CEA-86-043  
17 April 1986

INDUSTRY

FIRST ELECTRIC SPARK MACHINE TOOL DEVELOPED

OW311951 Beijing XINHUA in English 1857 GMT 31 Mar 86

[Text] Beijing, 31 Mar (XINHUA)--China has succeeded in developing its first numerical-control electric spark machine tool, according to the Beijing Machine Tool Research Institute.

The machine tool passed performance tests today, just meeting the deadline for the completion of the key research projects for the Sixth 5-Year Plan period (1981-1985).

Electric spark technology is a recent development, mainly used for machining super-hard metals.

The development of the new machine tool shows that China's die-processing technology is up to the international level, experts attending the assessment meeting said.

The JCS 022 numerical-control electric spark machine tool was manufactured by the Beijing Machine Tool Research Institute, which has completed four other research projects in the last five years.

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CSO: 4020/255

INDUSTRY

'GOLDEN AGE' OF CHINA'S GARMENT INDUSTRY FORESEEN

OW300406 Beijing XINHUA in English 0240 GMT 30 Mar 86

[Text] Beijing, 30 Mar (XINHUA)--A "golden age" of China's garment industry is in the foreseeable future and the demand for ready made garment is expected to treble in the coming five years.

This was concluded recently by a group of experts based on a nationwide investigation jointly sponsored by the State Planning Commission and Chinese Garment Industry Corporation.

A sampling survey had been conducted among 27,618 families, both urban and rural, in 27 provinces and autonomous regions in four months' time last year.

The survey showed that by 1990 over one-third of China's population will be the fashion-conscious young people between the ages of 18 and 35, or 70 million more than today. These plus some 300 million children, most of them the single child of the family whom the parents like to dress up, constitute nearly two-thirds of the population.

Secondly, more and more people take up ready-made garments rather than sew them themselves. The causes are twofold. With the rising living standards, those who cannot afford to buy clothes in the past can now do so. The improved quality and fashionable ready-made garments on the market are beginning to attract those who used to go to the tailors or dress-makers, a survey of Chongqing families of different incomes shows that people who wore ready-made garments were 63 percent in 1984, and the figure rose to 73 percent in 1985. The trend is obvious.

With this survey and analysis, a mathematical module has been built. It showed that the per capita annual consumption of garments will increase from 2.6 in 1983 to 3.8 in 1990. Ready-made garments will increase from one billion in 1983 to 2.8 billion pieces in 1990.

At the end of 1984, China has a total of 7,800 garment enterprises with an annual production capacity of 1.17 billion pieces. These plus the rural industries bring in about 1.6 billion pieces of garments, still by far short of demand.

Chinese designers also felt that there are certain gaps that need to be filled. For instance, there are very few varieties of ready-made garments for elderly people and adolescents between ten and sixteen years of age. New designs for the young people do not come out as quick as they would like it to be.

The survey also gave the cause of this state of affairs as the lack of special training for garment industry professionals, shortage of mechanization and the rigid pricing system which result in very little price differences, thus discouraging the designers. Another complaint is the shortage of suitable fabrics.

The survey predicts that the people will eventually be wanting to wear ready-made clothes and suggestions are made to the stores to encourage customers to buy less fabrics and more garments.

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CSO: 4020/255

INDUSTRY

BRIEFS

BEIJING STEEL CONVERTERS--Beijing, 26 Mar (XINHUA)--The steel works of the Capital Iron and Steel Company can now convert pig iron to steel fast enough to meet the special world standard, BEIJING DAILY reported today. The works' three converters have undergone a series of renovations, including the addition of top and bottom simultaneous blowing and the introduction of a new heat-resistance material. The productivity coefficient reached 64.9 in the first 2 months of this year. The converters now are "ones with the fastest refining speed in the world," some foreign specialists said. [Text] [Beijing XINHUA in English 0905 GMT 26 Mar 86 OW] /9274

QINGHAI TERTIARY INDUSTRY--According to a sample survey conducted in 28 townships in 14 counties at the end of last year, the average net income of peasants engaged in tertiary industry in those places was 1,360 yuan, 300 percent higher than the provincial average income for peasants and herdsmen. Tertiary industry units are being run by townships, villages, combines, or individuals. The main trades are circulation, including transport, commerce, and catering; services for rural production and life; and science and culture undertakings. [Summary] [Xining Qinghai Provincial Service in Mandarin 2330 GMT 21 Mar 86 HK] /12712

CSO: 4006/867

## CONSTRUCTION

### GUANGXI OUTLINES KEY CONSTRUCTION PROJECTS

HK240335 Nanning Guangxi Regional Service in Mandarin 1100 GMT 19 Mar 86

[Excerpts] After examination and ratification by the regional government, the regional construction, planning, and economic commissions jointly made known key construction projects in the region for 1986. They announced 23 key projects. Eight projects will be completed and put into operation this year, namely: The expansion of the Liuzhou Cement Plant; the newly built (Luncheng) Sugar Plant in Tengxian County; the continuation of Fangcheng port; the continuation of (Xingang) Wharf in Beihai City; the Phase 2 expansion of (Dachang) Mining Bureau; the continuation of the Guangxi Naphthylamine Acid Plant; the expansion of (Heshan) Mining Bureau's (Zhongfang) Mine; and the continuation of the airport in Beihai City. One single-item project will be put into operation, namely, the No 8 generating unit of the (Heshan) Power Plant. Eleven projects will be carried out priority. These are: The continuation of the (Yuanshan) Power Plant; the continuation of (Dahe) Hydropower Station in (Tianshengqiao); the newly built (Laibin) Power Plant; the continuation of the Nanning-Fangcheng railway; the expansion of the Yujiang River navigation project; the expansion of polyvinyl chloride project of the Nanning Chemical Plant; the continuation of No 2 pit of the (Narong) Coal Mine; the continuation of the Regional Radio and Television Centre; the expansion of the Regional (Jingjun) Hospital; the continuation of Phase 2 of the Guanxi Library; and the continuation of the (Zhishan) Bridge over the Lijiang River in Guilin. Three have been arranged and planned, namely: The continuation of the Liuzhou Iron and Steel Plant; the expansion of Liujiang Paper Mill; and the new project [word indistinct] City Printing and Dyeing Mill.

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CSO: 4006/867

CONSTRUCTION

BRIEFS

HEILONGJIANG ETHYLENE PLANT--Harbin, 26 Mar (XINHUA)--The first phase of construction of a big ethylene plant, which has a designed annual capacity of 300,000 tons, has been completed at Daqing, China's biggest oilfield, in the northeastern province of Heilongjiang. The plant, a key project for the country's Sixth 5-Year Plan (1981-85), will soon go into trial operation, according to oilfield officials. Nine of its 12 sets of installations were imported from Japan, Federal Germany, and Britain. It will use light hydrocarbon recovered from natural gas and crude oil as raw material. When fully completed, it will be able to provide 547,000 tons of raw materials annually for making organic chemicals, plastics, and chemical fibers. Construction of the plant started in 1979 and was suspended in 1980 and 1981 owing to economic readjustment. [Text] [Beijing XINHUA in English 0817 GMT 26 Mar 86 OW] /9274

CSO: 4020/255

## LABOR AND WAGES

### MORE JIANGXI WOMEN EMPLOYED OUTSIDE HOME

OW131748 Beijing XINHUA in English 1553 GMT 13 Mar 86

[Text] Nanchang, 13 Mar (XINHUA)--An increasing number of women are leaving home to work in offices and factories in Jiangxi Province, east China.

Now female cadres and office staff in the province number 130,000 accounting for 24 percent of the total, an official of the Provincial Women's Federation said here today.

More than 340 women assumed leading posts at and above county level, including Party Secretary Wan Shaofen, China's first female secretary of provincial Communist Party Committee. Female factory directors and managers number 1,860.

Several years ago, women served only as copyists, typists and stenographers in the judicial offices. Now the province boasts hundreds of women prosecutors, judges and lawyers.

Immediately after the 50-year-old Wan took her position in June last year, she put forward suggestions on improving market supply, traffic and municipal construction in Nanchang, the provincial capital, and went down to backward hilly areas in southern Jiangxi to give local people instructions.

Her aim is to make Jiangxi catch up with other developed parts of China economically and culturally within this century.

Of peasant origin, Chao Mingying, 31, is a director of a fireworks factory in Kangle County and member of the China Women Entrepreneurs' Association. Over the past five years, she has increased the variety of products from seven to 215 and quadrupled annual output value to five million yuan. The factory's products are now sold in 15 countries and regions, including Japan and the United States.

Last year, 260,000 women in Jiangxi studied culture, science, technology, law and enterprise management in training courses.

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CSO: 4020/251

TRANSPORTATION

BRIEFS

DALIAN-YANTAI AIR SERVICE--A scheduled flight service between Liaoning Province's Dalian City and Shandong Province's Yantai City will open on 16 March 1986. There will be two return flights every week, respectively on Monday and Friday. Model ST 360 airliner will be used on this line. [Summary] [Shenyang LIAONING RIBAO in Chinese 11 Mar 86 p 1 SK] /12712

NEW LIAONING AIRPORT--Beginning on 15 March, all civil aviation planes to Dandong City, Liaoning Province, have landed at the new airport, Langtou Airport. The city also abandoned its Donggou Airport the same day. Following the construction of the new airport, the city has had regular flights between Beijing Municipality and Dandong City via Dalian City, which are return services on every Tuesday and Saturday. The city has also opened air commuter service for both passenger and cargo transport. [Summary] [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 17 Mar 86 SK] /12712

SHANXI'S COAL TRANSPORT, SALES--In 1985, Shanxi did rather good work in rail and road transport of coal, as well as revenue from coal sales. The total volume of coal transported by rail amounted to 58,719,200 tons; and that by road amounted to (16,740,000) tons. This showed respective increases of 13.36 and 7.7 percent compared to the previous year. Since the total amount of coal exported to other provinces exceeded the quota, the province earned extra income of 230 million yuan. [Summary] [Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 9 Mar 86 HK] /12712

CIRCULAR ON EXPEDITING VEHICLE WORK--In order to consolidate the organ work-style and promote a fundamental turn for the better in party workstyle, on 19 March the Hainan Administrative Region Government issued a circular on speeding up the work of sorting out vehicles. The circular urged that except for vehicles designated for special use such as fire engines, ambulances, prisoners' vans, and police cars, all vehicles owned by party and government must be issued a license by the provincial people's government before it can be driven. Those automobiles which are not licensed should be impounded by the local units for safekeeping. The units concerned should keep a record of their vehicles and report this to the regional government office. In addition, the units concerned should hand over the driving licenses and license plates to the local transport supervision departments and the public security bureau's administrative department for vehicles. Beginning 1 April, the departments responsible for gas supply and collecting the charges from

automobiles which are not licensed. All transport supervision departments and the public security bureau's administrative department for vehicles must carry out a full-scale examination. In case they discover that an automobile is being driven without a license or that an automobile which is driven carries the license of another automobile, they should treat it as a case of violating regulations. [Text] [Haikou Hainan Island Service in Mandarin 0400 GMT 23 Mar 86 HK] /12712

CSO: 4006/865

PUBLICATIONS

BRIEFS

DIRECTORY DETAILS DEFENSE INDUSTRY PRODUCTS--Beijing, 31 Mar (XINHUA)--A special edition of the China Directory of Industry and Commerce has just come off the press dealing with defense industry enterprises which turn out goods for civilian use. The book has 1,100 entries describing military enterprises producing civilian goods. Defense industry enterprises are now turning out such products as motor scooters, refrigerators, cameras, bicycles, hydraulic supports for mining and equipment for the petroleum industry. Zhang Aiping, minister of national defense, wrote the foreword to the book, saying that the defense industry has become an important force in the national economic construction. [Text] [Beijing XINHUA in English 1612 GMT 31 Mar 86 OW] /9274

CSO: 4020/251

TAIWAN

#### ENERGY COMMISSION REPORTS PRODUCTIVITY INCREASES IN 1985

OW040341 Taipei CNA in English 0256 GMT 4 Mar 86

[Text] Taipei, 3 Mar (CNA)--The Energy Commission under the Ministry of Economic Affairs said Monday the nation's energy productivity or general domestic products per each liter of oil equivalent was NT [new Taiwan] dollar 64.1 in 1985, an increase of 12 percent over the 1984 figure of NT dollar 57.3.

But the commission urged the public to become more aware of the concept of saving energy since the nation's dependence upon imports of oil and petroleum is still high, over 88 percent of the nation's total energy consumption.

The commission said the total energy consumption last year stood at 3.4 million kiloliters of oil equivalent, 4.1 percent higher than that of the year before; and that the amount of the nation's energy supply in 1985 was 3.9 million kiloliters, also showing a 3.3 percent increase over 1984.

The nation has to continue its efforts in adjusting the production structure and strengthening public education on the concept of saving energy in order to elevate the efficiency of energy utilization, the commission pointed out.

Of the total consumption, 88.3 percent was used as fuel, and the remaining 11.7 percent was consumed in industrial production, the commission added.

The nation's energy supply structure was also changed in 1985 due to government efforts to develop domestic energy resources, such as coal, nuclear power generation and hydroelectricity instead of imported oil and petroleum, the commission asserted.

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CSO: 4020/253

HONG KONG

#### HONG KONG, MACAO CPPCC MEMBERS HOLD PANEL DISCUSSION

HK300804 Beijing ZHONGGUO XINWEN SHE in Chinese 1305 GMT 26 Mar 86

[Report by ZHONGGUO XINWEN SHE reporter Wu Yi [0702 1150]: "Sidelights on Hong Kong and Macao CPPCC Members at a Panel Discussion"]

[Text] Beijing, 26 Mar (ZHONGGUO XINWEN SHE)--Reporters "Quoting Things Out of Context"

At the panel discussions of the CPPCC National Committee meeting in previous years, CPPCC member Hsu Szu-min was always the first to take the floor. This was also the case at the panel discussion this year. When discussing the work report of the CPPCC Standing Committee, Mr Hsu fired the first "shot" at reporters, saying: "I always discuss a certain issue from two aspects--the achievements and the problems. However, Hong Kong reporters often leave out the achievements, while reporters from the interior concentrate on them. What happens if people 'quote things out of context'?" Mr Hsu's words brought a peal of laughter.

#### Loud Complaints About "Parallel Goods"

One of the most popular topics of discussion was "parallel goods." CPPCC member Szutu Hui said: With increased output in the interior, everyone wants to earn foreign exchange through exportation. However, the problem of "parallel goods" flooding the Hong Kong market is a serious headache for businessmen dealing in Chinese goods.

CPPCC members T. K. Ann, Hsu Tung-liang, Liang Pi-yun, and Chai Nuan-hui said that in the 1950's and 1960's, Hong Kong people were anxious to buy Chinese goods. After the 1970's, however, the quality of Chinese goods dropped and the goods were not delivered as scheduled. In recent years, Taiwan has turned out quite a lot of novel things, while the goods from the interior have failed to keep pace with the times in both quality and packaging. This has adversely affected our competitiveness. If things go on like this, a situation characterized by increased exports and reduced foreign exchange earnings will certainly emerge. The CPPCC members called on the departments concerned to conscientiously study and solve this problem.

### Hope for a Sound Legal System

CPPCC members Henry Fok and Wang Hsiao-hang said that there have been too many personnel changes in certain units in the interior. Moreover, the responsible persons of some units have the final say on certain matters and we have no laws to go by. This has caused trouble in our investment and cooperation. They suggested that personnel in the interior should have a definite term of office and hoped that they would act in accordance with the law.

### We Should Not Work as "CPPCC Members for Only 20-Odd Days"

CPPCC member Feng Ching-chiang said: "We should not work as CPPCC members for only 20-odd days a year when the CPPCC is in session." He proposed that proper methods be adopted to reflect the views of Hong Kong people at all times and to contribute to the stability and prosperity of Hong Kong. Mr Feng's words won the approval of all participants, who talked one after another at the discussion meeting. CPPCC member Lo Kuei-hsiang suggested that CPPCC members from Hong Kong have a dinner party once a month, over which everyone takes a turn presiding, in order to compare notes without delay.

### Election of a Representative To Speak at Plenary Meetings was "Slow in Coming"

In a departure from the common practice in the past, in addition to panel discussions, arrangements have also been made this year for representatives to speak at plenary meetings. When the Hong Kong and Macao group was choosing its representative, Wang Kuan-cheng was the first to sign up. A lively atmosphere prevailed at the meeting place. A member asked: What if 20-odd people should sign up? Another member suggested that each speech should be limited to a dozen minutes in order to increase the number of speakers. As opinions varied, no representatives has been chosen yet.

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CSO: 4006/869

HONG KONG

PRC, UK AGREE ON HONG KONG PARTICIPATION IN GATT

HK150540 Hong Kong SOUTH CHINA MORNING POST in English 15 Mar 86 pp 1, 9

[By Carmen Chan and Chris Yeung]

[Text] The British and Chinese Governments have agreed on a formula for Hong Kong's continued participation in the General Agreement on Tariffs and Trade and in the Multi-Fibre Arrangement after 1997.

This is one of the key achievements of the third meeting of the Joint Liaison Group [JLG] which ended here yesterday.

In another breakthrough, the two sides have agreed on new arrangements for travel and identity documentation for Hong Kong people.

They have also decided to set up a subgroup of experts to study the hundreds of international treaties involving Hong Kong and third countries.

And they have begun discussions on British proposals for a Hong Kong shipping registry--shipping experts from both sides will now study the detailed implications of the complicated issue.

A joint communique issued simultaneously in Hong Kong, London and Beijing yesterday afternoon said the meeting was conducted in "a spirit of friendly co-operation" and that it has achieved "positive results."

The next JLG meeting will be held in London during 22-25 July.

Officials are tight-lipped on the exact General Agreement on Tariffs and Trade (GATT) formula until the GATT secretariat and member states are informed, but sources said agreement has been reached on arrangements for Hong Kong's membership before and after 1997.

One source said the Hong Kong's continued participation in GATT will not depend on whether China can resume its membership in the trade body by 1997, and both sides are known to be confident the arrangement should win GATT's approval.

This has sparked speculation that the formula will involve Britain declaring Hong Kong a separate customs territory and sponsoring its membership as a separate entity.

Sources also said both sides will co-operate in taking the case to the trade bodies and participating countries.

Although China is not yet a GATT member, it will co-operate by announcing its blessing for the formula worked out by the Joint Liaison Group, they said.

One source described the arrangement as "watertight."

Negotiators have also reached formal agreement on the terms of a right-of-abode endorsement on the future British National (Overseas) passport.

As predicted exclusively in the SCM POST earlier, the endorsement reads: "The holder of this passport has Hong Kong permanent identity card No XYZ which states the holder has the right of abode in Hong Kong."

The meeting confirmed that identity cards issued in Hong Kong before 1 July 1997 will continue to be used until they are replaced by ID cards issued by the Special Administrative Region [SAR] government.

To avoid the thorny question of sovereignty, the new ID cards, which will begin to be issued by July next year, will no longer carry the British Coat of Arms.

Consultation with the Chinese Government will continue before the exact format is finalised.

Sources also said it is unlikely the new SAR passports can be issued before 1997, as the issuing authority--the future SAR government--will not come into existence until 1 July 1997.

Preparatory work on the new passport may well begin earlier, but this question was not discussed in the JLG meeting.

A lot more work remains to be done before a complete solution is reached on the Certificate of Identity [CI] issue.

But the JLG has agreed that the CI, which is a travel document for Hong Kong citizens who are not British passport holders, will continue to be used "as a transitional arrangement" after 1 July 1997.

Neither side has indicated how long this "transitional arrangement" will last.

Existing CI holders who qualify for a SAR passport are unlikely to be granted an additional travel document but a tiny number of minorities--such as arrivals from Vietnam who are given permanent residence in Hong Kong--will have some kind of a travel document.

These and similar issues will be worked out in detail later.

The sub-group to be set up to work on the question of international rights and obligations affecting Hong Kong is expected to meet in the next four to six weeks.

Members of the expert group have not yet been chosen but Mr Fred Burrows of the Legal Department is seen by sources as one possible candidate.

The group's first meeting will work out a priority list among the 800-odd international treaties affecting Hong Kong, sources said.

It was learned yesterday the British side is pleased with the preliminary talks on a Hong Kong shipping registry based on a paper prepared by the British side.

Sources said there has been no objection from the Chinese side on the need for an independent shipping registry for Hong Kong, but both sides feel more discussion is needed on the complex issue.

Shipping experts from both sides will meet informally to work on detailed issue such as the surveying of vessels.

The topic of political reforms has not raised during this round of talks.

The progress made in the latest round was clear after the four-hour session in the Victoria Barracks yesterday, when both team leaders, Dr David Wilson and Mr Ke Zaishuo, described it as another "very good" meeting being held in very co-operative atmosphere.

They said they have made "a lot of progress."

Dr Wilson said before the meeting he expects Hong Kong people to feel satisfied with the arrangements outlined in the communique and the progress of the JLG.

The Director of Marine, Mr Peter Y. Y. Chan, and the Deputy Secretary for Economic Services, Mr Gerry Higginson, took part in yesterday's session which was believed to focus on the subject of a Hong Kong shipping registry.

The Director of Immigration, Mr Alan Carter, who joined the first three sessions, was not there yesterday.

The director of the Hong Kong Branch of the NEW CHINA NEWS AGENCY, Mr Xu Jaitun, hosted a banquet for JLG members last night.

He congratulated them on the achievements made in the meeting and said that, based on the friendly and co-operative spirit, any future complicated problems arising in the transition period can be solved.

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HONG KONG

SEVENTH 5-YEAR PLAN TO BOOST HONG KONG ECONOMY

OW291444 Beijing XINHUA in English 1430 GMT 29 Mar 86

[Text] Beijing, 29 Mar (XINHUA)--China's Seventh 5-Year Plan (1986-90) will provide a bigger market for Hong Kong's products and capital, as well as opportunities to boost its tourism industry, according to a leading financier here.

Jiang Wengui, former general auditor of the Bank of China in Hong Kong and currently vice-chairman of the board of directors of the bank, said this at a panel discussion of the Chinese People's Political Consultative Conference (CPPCC) here today.

During the 1986-90 period, China's total investment will amount to 1,300 billion yuan (about 300 billion U.S. dollars), according to the draft Seventh 5-Year Plan.

Jiang believed that the new "grand" five-year plan will have a favorable influence on Hong Kong's stability and prosperity.

He supported his view with the fact that Hong Kong's industrial and tourism sectors have reaped great benefits from China's economic development over the past five years.

He said that, though the influx of Hong Kong goods into China's mainland this year will be less than the record highs in 1984 and 1985, the next two years will witness a swiftly growing market on China's mainland for Hong Kong products.

Hong Kong financiers will also find a receptive market for their investment capital, estimated at 60 billion U.S. dollars a year, he said.

Industrial enterprises may also expect to find more partners in other parts of China, as the country plans to invest more funds in retooling enterprises and technological upgrading, as well as planning thousands of major projects during the Seventh 5-Year Plan period.

China's efforts to expand tourism will bring in more visitors to Hong Kong because of the geographic proximity.

On the other hand, Jiang said, Hong Kong can also help China's mainland in the new five-year plan period. By making good use of its advantages in communications and ties with foreign countries, Hong Kong can help inland regions to find bigger markets for their products, and import advanced technology and equipment.

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HONG KONG

BANKS EXPECT INFLUX OF PHILIPPINE MONEY

HK221853 Hong Kong HONG KONG STANDARD in English 22 Feb 86 p 3

[By Katherine Saltzstein]

[Text] A local bank official said this week that Hong Kong financial institutions should see an increase in deposits from the Philippines soon, a reaction to the political and financial unrest there.

There is a limit on the amount of money that can be taken out of the Philippines, but he said he expects to see an increase in Philippine pesos coming to Hong Kong through illegal means, or the "black market."

Philippine-owned companies in Hong Kong often receive pesos through a third party with the request to deposit the money in financial institutions here, he said.

"The ones that send money out are mostly the Chinese people staying in the Philippines--the Hong Kong businessmen," he said.

There are two Philippine-owned banks in Hong Kong, the Philippine National Bank, which is backed by the government, and family-owned Equitable Banking Corporation.

The Philippine National Bank is one which presidential contender, Mrs Corazon Aquino, has placed on her list of banks to be boycotted.

Other bank officials said they could see no effect from the Filipino election and its aftermath.

Mr Tony Gatica, business development officer at the Philippine National Bank, said he saw "no perceptive change in the volume of business" handled by the bank which is "99 percent owned" by the Filipino Government.

"It's business as usual," he said.

The banking source, who asked not to be identified, also said he expected that if the boycott of the Philippine National Bank is successful there will be an increase in deposits at the Equitable Bank and other Philippine and American financial institutions here.

"I have not made any computations yet, it is only starting," he said.

Often investors deposit money in Philippine banks and financial institutions for a day or two and then transfer the money to an American bank in Hong Kong.

"We expect an increase in this, but have not seen much of it yet," the source said.

Officials at three major American banks, CitiBank, Bank of America and Chase Manhattan Bank said they saw no effects from the election.

A spokesman for CitiBank, which has offices in Hong Kong and Manila, said he sent a letter to their Manila office and to bank officials in Hong Kong asking if there were any financial changes due to the election.

Returning letters said "there are no discernible differences" since the election, but bank officials "have made no effort to track these possible changes."

"This is strictly subject with political implications," said the CitiBank official, but insisted that no particular trends can be seen from the Philippines or from Filipino depositors in Hong Kong.

Officials from Allied Capital Resources Ltd., First Metro International Investments Company Ltd., and Philippine Commercial International Finance, three of the eight Filipino financial institutions in Hong Kong, said they saw no changes in their business since the election.

Members of the Filipino community working in Hong Kong withdrew more money than usual just before the election, and sent it home, the banking source said, anticipating that their families could run short of supplies. Otherwise, local banking patterns have remained the same, he said.

In other areas affected by the political unrest, the emigration office said they have no data on whether there has been an influx of Filipinos into Hong Kong over the last ten days. There are about 27,300 Filipinos living in Hong Kong, most of them working as domestics.

A spokesman for Cathay Pacific Airways Ltd said that fewer tourists from Hong Kong went to the Philippines over Chinese New Year than in other years.

"There was not the same surge of business over the New Year as before," she said.

Mr Joe Kwok, a sales representative for Philippine Airlines, said he could see "a slight increase" in passengers to Hong Kong from Manila since mid-January and a "slight decrease" in those flying to Manila from Hong Kong.

Just before the election he added, not many tourists were going to Manila but he had no statistics. Since the election, there has not been a change in the number of passengers flying to Manila, because, he said, Chinese businessmen are the main ones travelling there now and the election has not affected them.

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HONG KONG

HONG KONG TO SPUR INFRASTRUCTURE INVESTMENT

OW201914 Beijing XINHUA in English 0832 GMT 20 Mar 86

[Text] Hong Kong, 20 Mar (XINHUA)--Hong Kong continues to invest heavily in the infrastructural development which is vital to its future. This was stated by Peter Tsao, Hong Kong secretary for administrative services and information, at a luncheon meeting in Vancouver, Canada, 18 March, according to the Hong Kong Government this morning. He pointed out that one of Hong Kong's power companies had joined its counterpart on China's mainland in the construction of a nuclear plant to provide power both for Hong Kong and the southern Chinese province of Guangdong, work on a two billion Hong Kong dollar (about 216 million U.S.) expansion to a container port began in 1985; and investors from Japan, Britain and the mainland would begin work this year to build a second harbor crossing.

Roads and rail links with the mainland "are also being improved, further cementing the symbiotic relationship which we enjoy with neighboring Guangdong," Tsao said. He declared that the ratification of the Joint Declaration on the Future of Hong Kong was in many ways a new beginning, and there is no doubt that Hong Kong is building for the future. "The old uncertainties have been removed and interest has turned to the practical questions of how the agreed transition can be successfully managed," he said.

He pointed out that much of the discussion is currently focused on how Hong Kong will develop from its traditional colonial style of government into the government which will administer the Hong Kong Special Administrative Region (SAR) in 11 years' time.

China has decided to establish the Hong Kong SAR upon resuming the exercise of sovereignty over Hong Kong in 1997.

Peter Tsao is now on a visit to Vancouver to attend a meeting of the commissioners general of Expo' 86 participants.

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HONG KONG

PRC COTTON, POLYESTER EXPORT PRICES TO RISE

HK270507 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English 27 Feb 86 p 3

[By Paul Sham]

[Text] Prices of China's cotton and cotton-polyester exports to Hong Kong will rise by three to five percent across the board this year.

This was stated yesterday by the president of the China National Textiles Import and Export Corp, Mr Zhou Yunzhong.

Mr Zhou was speaking after a banquet to mark the opening of the eight-day Chinese Cotton, Trueran, Spun Rayon and Cloth and Woollen Piecegoods Fair.

Mr Zhou said the increase, the first in two years, was prompted by higher demand from Hong Kong resulting from tighter controls on the outflow of parallel goods.

Export prices of these products had fallen when the territory was flooded by parallel goods.

Prices of cotton fabrics had fallen as much as 27 percent last year.

Mr Zhou is heading a 50-member mission to Hong Kong in connection with the fair.

Starting this year, cotton yarn, loom-state cotton fabric, polyester-cotton blended yarn and polyester-cotton fabric will be subject to a new quota scheme, in addition to the existing export licensing scheme.

Shipments of thread and dyed cloth have been covered by the two schemes since 15 February.

The two schemes will also apply, for the first time, to exports to Japan.

Mr Zhou said the quota scheme will be administered by the China National Textiles Import and Export Corp.

Quotas allocated to the corporation's provincial branch offices will be determined by their past performance.

Branch offices which fail to fulfill export targets will have their quotas reduced.

Under the supervision of the Ministry of Foreign Economic Relations and Trade, the China National Textiles Import and Export Corp and its branches are the main exporters of textile materials in the country.

To facilitate the enforcement of the quota scheme, Mr Zhou said during its stay the delegation will try to clear the backlog of unfulfilled contracts with Hong Kong buyers.

Hong Kong is the largest importer of China's textile materials, and accounts for about 70 percent of the country's cotton fabric exports.

He said new deadlines will be fixed for the contracts which can be fulfilled and compensation terms will be discussed for contracts which cannot be fulfilled.

Shipments for about 20 to 30 percent of the contracts signed last year are overdue, Mr Zhou said.

The growing markets in Europe and the U.S. and the weaker U.S. dollar have fuelled demand for textile materials in Hong Kong, he said.

Mr Zhou said while the international cotton price indicator--the Liverpool Cotton Index--has risen 13 percent, the U.S. currency, to which the Hong Kong dollar is pegged, has declined about 3 percent.

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HONG KONG

HONG KONG BUSINESSMAN ON GOOD SHIPPING PROSPECTS

OW242042 Beijing XINHUA in English 1652 GMT 24 Mar 86

[Text] Hong Kong, 24 Mar (XINHUA)--Although shipping business is experiencing obviously tough times, there must be good prospects for it, Hong Kong's leading shipping businessman said here today.

Speaking at a luncheon party, Kenneth K. W. Lo, chairman of the Hong Kong Shipowners Association, said that the slump of shipping business has gone on much longer than anybody predicted, and the basic reasons are too many ships and not enough cargo.

Although the recovery will not come tomorrow, he said, there must be a good chance that things could be getting better in the next few years.

He said the current figure of about 57 million deadweight tonnes controlled from Hong Kong is only four million down from that three years ago. "This puts us right up with the Greeks and the Japanese," he added.

Lo said that over the last 35 years Hong Kong has become the most important maritime center in the region and that Hong Kong is now rivaled only by Rotterdam and New York for container throughput.

Shippers and forwarders around the world all want to use Hong Kong whenever possible for moving their cargo into the Chinese mainland because they know it is reliable, efficient and fast in all its maritime services, he said.

The Chinese mainland has regained its old place as Hong Kong's most important trading partner and is also using Hong Kong as its main funnel for international business, he added.

All those who come to Hong Kong, whether for trading or for taking advantage of Hong Kong's favorable business climate, will all be playing a vital role in the present and future health of the shipping city of Hong Kong, he noted.

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HONG KONG

PRC MARKET BENEFITS MAJOR HONG KONG AUTO DEALER

OW192007 Beijing XINHUA in English 1913 GMT 19 Mar 86

[Text] Hong Kong, 19 Mar (XINHUA)--One of the major car dealers in Hong Kong, Zung Fu Company Ltd, obtained satisfactory results financially in 1985 because of the recovery in Hong Kong's car market and the expanding market in the Chinese mainland.

This was announced by the board of directors of the company here today.

The company, a Jardine Matheson subsidiary, netted in 1985 a record consolidated profit (after tax and extraordinary items) of 71.5 million Hong Kong dollars (about 9.17 million U.S. dollars), up 42 percent over 1984.

According to a press release to this effect, the directors said they considered this a satisfactory result in what was an economically slow year for Hong Kong.

The company's industrial trading division had a busy year in the Chinese mainland, marketing diesel powered electric generators, marine engineering systems, welding and flame cutting equipment and industrial machinery.

Equipment sales to the Chinese mainland represented 56 percent of the division's total sales in 1985 as compared with 40 percent in 1984.

The company has reached agreement with the China National Automotive Industry Corporation and the People's Insurance Company of China to form a three-way joint venture company to operate a vehicle service center in Beijing.

Preparation work is progressing well and the service center is expected to open for business in late 1986, the company's press release said.

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